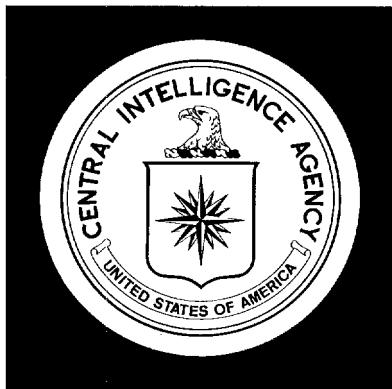


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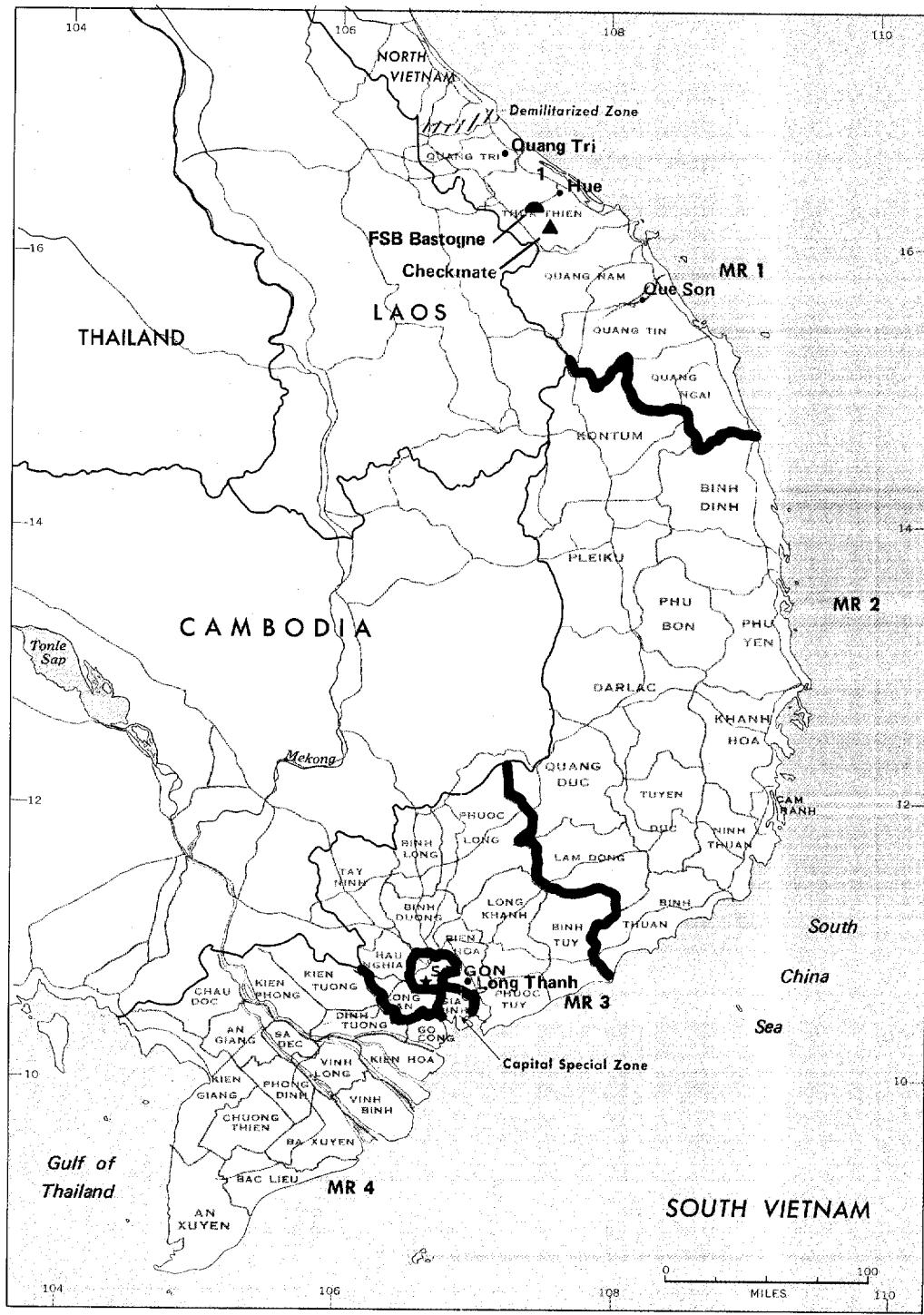
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C SOUTH VIETNAM: The Communists are putting increased pressure on government forces trying to re-take Quang Tri City.

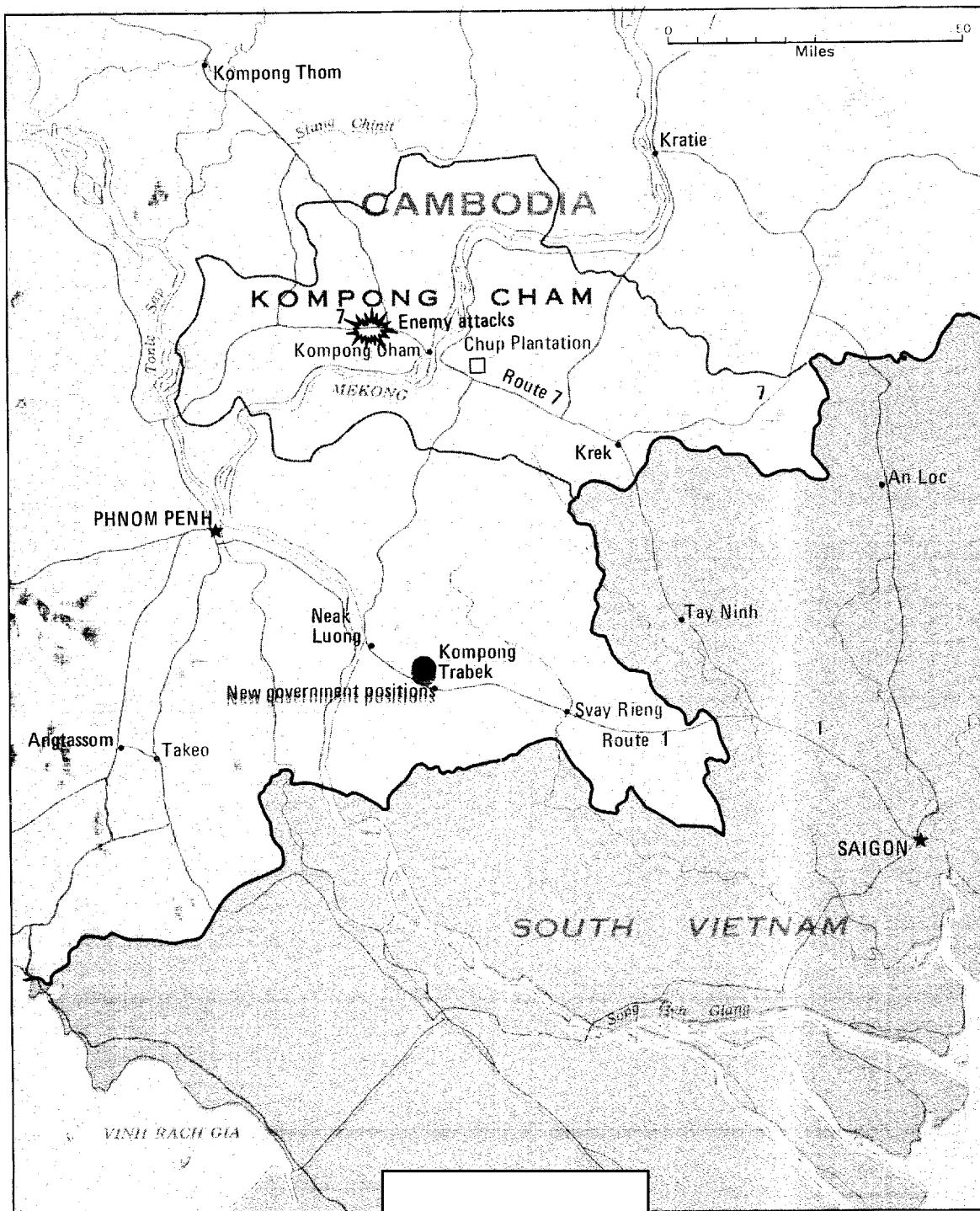
Late on 7 August South Vietnamese paratroopers southwest of the city were attacked by tank-led enemy forces, and marine positions inside the city were hit by heavy North Vietnamese infantry assaults. Government forces so far are holding their ground with the help of heavy allied air strikes and artillery fire, but communications have been lost with some of the units.

North of town, a third North Vietnamese regiment has been identified along the enemy's major supply line into the city, suggesting that the Communists may be preparing to shift from primarily defensive to offensive operations in that sector.

The Communists also are maintaining pressure against government positions west of Hue. South Vietnamese forces have repelled several fairly heavy enemy ground and artillery attacks in the Bastogne-Checkmate area during the past two days. Additional information on the recent enemy raids against several hamlets south of Hue indicates that the attackers were local Viet Cong under orders to get as close to the city as possible to test the government's defenses. Sporadic fighting continues near Que Son in Quang Nam Province and along the coast farther south in Quang Ngai Province.

East of Saigon in Bien Hoa Province, fighting continues near the district capital of Long Thanh. Yesterday, government forces suffered fairly heavy losses when the Communists ambushed a security patrol north of Long Thanh and fired several 122-mm. rockets into the town.

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CAMBODIA: The Communists are continuing to disrupt government efforts to reopen Route 1.

In the past few days, enemy troops--reportedly supported by T-54 tanks--have carried out a series of sharp attacks against the town of Kompong Trabek, which recently was recaptured by Cambodian and South Vietnamese forces. The Communists have pressed their attacks in the face of heavy US air strikes and, at last report, had forced the remaining five government battalions to withdraw to new positions just west of the town.

This is the first use of armor by the enemy in the Cambodian conflict. Estimates vary as to how many tanks are involved in the fighting, but US pilots have reported that air strikes may have destroyed or damaged as many as 17. Several North Vietnamese prisoners have claimed that 18 tanks recently were dispatched from the Communist-controlled Chup plantation in Kompong Cham Province to help retake Kompong Trabek. Enemy ground forces involved in the fighting may include elements of two seasoned Vietnamese Communist regiments.

The government has rushed reinforcements to its staging base for Route 1 operations at Neak Luong to prepare for another push toward Kompong Trabek. Phnom Penh has asked the South Vietnamese for fresh assistance in the Kompong Trabek area as most of the South Vietnamese troops that took part in the recapture of the town on 24 July have since returned to the border area.

The enemy pressure on Kompong Trabek is most likely designed to prevent the Cambodians from carrying out their planned advance eastward along Route 1 to the isolated town of Svay Rieng. Such an advance would jeopardize vital Communist supply lines running through that area into the delta region of South Vietnam.

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In other sections of the country, the Communists are generally maintaining a low military profile. Recent harassing attacks against several government positions on Route 7 west of Kompong Cham City have again resulted in the temporary closure of a small portion of that highway. There is no evidence, however, that suggests that the Communists intend to mount any major actions in this sector.

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NORWAY-EC: Oslo's initial success at increasing domestic acceptance for Norwegian membership in the European Communities has bogged down.

A poll conducted in mid-July showed only 37 percent in favor of entry, the same percentage as the month before. Although those opposed dropped from 44 percent to 42 percent, this was hardly progress for the government, because the opposition had been as low as 40 percent in April. Thus, the outcome of the referendum scheduled for 24-25 September is still in the hands of the 21 percent who remain "uncertain." A simple majority is necessary. The practical economic advantages of membership may yet have a more marked influence on voters. The referendum is only advisory, but most observers expect the Norwegian parliament to go along with the result, either way. Three fourths of parliament must endorse entry before it becomes law.

The outcome in Norway will have some impact on the Danish referendum scheduled for 2 October. Denmark's EC entry would require 71 percent of the popular vote, which is binding on parliament. The Irish referendum in May produced an unexpectedly large majority in favor of joining the EC.

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PANAMA: The elections for a national legislature were conducted without incident, but the next step toward establishing the Torrijos regime's legitimacy will be more difficult.

The results of the balloting for this 505-member body are not yet available, but the government media are trumpeting the honesty with which it was conducted and the high percentage of participation. The regime had ensured the heavy turnout by easing voting requirements and by announcing that a voting certificate will be necessary in the future for such matters as obtaining drivers' licenses.

The election was run without political parties, issues, or opposition, and merely establishes an assembly charged with selecting a president and vice-president and with approving a new constitution. The tenure of the legislature remains unclear. The new constitution presumably could empower it to continue in session after its appointed tasks are accomplished. Even the date of the opening assembly is uncertain. The original election decree set the first meeting 15 days after the announcement of the results, but General Torrijos now is saying that the assembly will meet between 11 October and 11 November.

A consensus on the new constitution evidently will be difficult to achieve. Last week Torrijos held a series of meetings with key sectors of Panamanian society to discuss the recommendations of his Constitutional Reform Commission. Discussions with union leaders, campesinos, and business groups reportedly went badly, and a good deal more consultation appears likely before the document is ready for the assembly to consider.

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NOTES

CHILE: In an effort to reduce further the foreign exchange drain, President Allende has announced an exchange rate devaluation ranging from nine percent for some non-trade items to 69 percent for luxury goods. In addition, the government has further complicated its multiple exchange rate system by adding two new trade rates. Santiago also acted to discourage Chileans from traveling abroad by doubling the cost of securing hard currency. One probable result of the devaluation will be an increase in inflationary pressures. The private sector, whose profit margin has been reduced by wage increases and price controls, will be squeezed further because of the increase in the cost of imported spare parts and raw materials.

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INDONESIA: The arrest of several high-ranking officers for Communist activity will be considered by Djakarta as justification for the continuous investigation of Indonesian military and civilian agencies. Two generals, a colonel, and more than ten middle-level officers have been charged. The colonel--former deputy commander of the army engineer corps--has confessed to having been a party member since 1946 and to involvement in the murder in 1970 of an Indonesian intelligence officer who was working against the Communists. This is the largest roundup of high-ranking officers since 1968. It will further confirm the government's apprehension over the clandestine subversive threat and will be interpreted as vindication of its policy of keeping critics on a short leash.

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